

MANUFACTURING EXTENSION PARTNERSHIP

Success Stories from the Field

Titan Incorporated

Wisconsin Manufacturing Extension Partnership

Innovation Culture Helps Titan Exploit its Strengths

Client Profile:

Titan Incorporated, located in Sturtevant, Wisconsin, designs and produces functional test stands for vehicles, vehicle cabs and hydraulic components. The company currently employs 17 people.

Situation:

Like many other small Wisconsin manufacturers, Titan Inc. was feeling the squeeze of the recent economic downturn and the restructuring of the manufacturing sector. As a capital equipment manufacturer selling to OEMs, Titan saw the recession bring in fewer orders. With a small staff focused on getting orders out the door, they didn't have a clear idea of the company's markets or its competitors. Also, customer needs were not well understood. Titan's complex systems had more features than their customers asked for, which drove up costs. Titan management contacted the Wisconsin Manufacturing Extension Partnership (WMEP), a NIST MEP network affiliate, for assistance.

Solution:

With help from WMEP, Titan began the process of Strategic Repositioning, with an emphasis on creating an Innovation Culture. "Strategic Repositioning helps companies leverage their strategic competencies to redefine their business in order to be more competitive. We try to get the company to change the way they think about themselves," said Sam Miller, a WMEP manufacturing specialist who worked with Titan. "Most companies define themselves by what they make. We want them to define themselves by what they do." This shift in focus allows businesses to become providers of total solutions for their customers, not just manufacturers of specific products. The change to an Innovation Culture leads to new products and markets, as well as expanded customer bases and fresh possibilities.

Titan put together an innovation team, an internal, interdepartmental group formed to identify new opportunities. The team led the innovation efforts and communicated the plans to the rest of the organization. One of the key tasks of the team was to identify strategic competencies by listing the company's strengths, then asking for each strength:

- Does this have value for our customers?
- Does it differentiate our company from the competition?
- Is it difficult to copy?

If they were able to answer "Yes" to all three questions, the strength was considered a strategic competency. After identifying the strategic competencies, the innovation team went off-site for the Innovation Blitz, a full day of brainstorming about what Titan might be able to do with its competencies to bring new products and services to the market. The team came up with about 60 ideas, which it pared down to a list of hot topics. Petro was impressed by the process. "You can really generate a lot of ideas," he said, "and while most of them probably won't come to fruition, the Innovation Blitz yielded a handful of very good ideas." Petro also noted that the Innovation Blitz wasn't something only IBM

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could do, or another large company. "It's something a small company can do," he said.

Titan staff also participated in a Market Intelligence Roundtable, a brainstorming session with vendors, suppliers and other manufacturers to help define the marketplace. Then, taking the list of hot topics from the Innovation Blitz, the innovation team performed market intelligence around those topics to further define new opportunities. They learned how to get to know their customers better, sending staff members on customer visits. They also learned how to interview their customers to discover unmet needs. The team also canvassed their most active customers about their strategic competencies, asking them, in essence, "Do you agree that these are Titan's strengths?" And their customers did agree, helping to confirm that they were on the right path. To solicit further customer feedback, Titan implemented 30- and 90-day follow-ups with every unit sold and every customer. They also started performing system 'autopsies' on every job to determine where they succeeded and where they needed further improvement. The innovation team was able to leverage one of Titan's strategic competencies, its considerable engineering talent, to create sophisticated software to retrofit old equipment. This became a new profit center for the company. Other products were either upgraded or replaced. These changes became possible when they started to view their engineering talent as a service, something they had not previously done. In addition, the market intelligence they gathered helped them identify many more customers in one of their core markets, leading to both new customers and diversification of Titan's customer base.

Petro found the Innovation Culture project to be positive, affordable and very practical. Titan now has a more systematic way to develop innovation to help the company grow. Titan's innovation team continues to meet monthly to review strategic competencies and market intelligence, develop new product ideas and keep track of new product development. "Developing an Innovation Culture is an ongoing process," Petro said, "but we're definitely thinking differently." And that change in thinking extended throughout the company. "A culture of innovation gets everyone involved in strategic thinking," said Miller, "and that helps promote future growth."

Results:

- * Increased sales by 8.8 percent.
- * Improved profit margins by 5 percent.

Testimonial:

"Last year our sales were up 8.8 percent."

Greg Petro, President